REMARKS

The application now comprises claims 1-7 and 15. Non-elected Claims 8-14 were previously cancelled without prejudice to pursuing those claims in a division or continuation-in-part application. New claim 15 has been added. This is in response to the Rejection of claims 1-7 dated April 14, 2008 , the shortened period for response thereto expiring July 14, 2008 extended to Ocober 14, 2008 by the three (3) month extension inclosed herewith .

Claims 1-7 are rejected under 35 USC 112, first paragraph in that the term "said CPU not functioning as a trusted agent" is not described in the specification in such a way as to reasonably convey to one skilled in the art that applicant had possession of the invention in that there is no support for the negative limitation and in fact the CPU can function as an ascrow agent (page 10, lines 18-19).

The examiner correctly notes that applicant indicates that the CPU may as an escrow service but that escrow service is disclosed as providing a very limited service, namely "providing an electronic letter of credit service." As previously pointed out the CPU serves as an information conduit and not a funds conduit. The funds are transferred between the user's account in user's participating bank (page 16, lines 25-29). The CPU does not function as a trusted agent and there are no CPU based user accounts. The CPU never serves as a trusted agent; in other words the CPU never serves as an escrow agent for any party to the transaction. The term "trusted agent" is a term well recognized by one skilled in the art. For example, see the attached presentation by Rosen explaining the function of a trusted agent. ("Creating an Electronic Monetary System" The Future of Money in the Information Age, Cato Institute 14th Annual Monetary Conference, May 23, 1996). Applicant's specification clearly shows that applicant clearly had possession of the invention and extensively desc ribed a unique new electronic funds transfer system that does utilize a trusted agent, namely a component designated to receive the funds being transferred and hold those funds in escrow to await release to the seller. For example:

"The parties conduct business as if they were dealing face to face, ship goods and/or provide services in the normal course of business and exchange payment in the form of cyber credits as if both parties were dealing in the local currency and payment is made from hand to hand. The basic difference is that the transaction is conducted over the Internet and payment is handled electronically." (page 9, lines 7-11) .

Central Controller does not incur any currency translation risk as it serves solely as an administrator of the system. (page 10, lines 10-11)

The Central Controller CPU 300 is programmed to handle all of the transactional matters necessary to open new accounts, record, classify and summarize all transactions and encrypt and store the recorded information in a manner that prevents unauthorized access, disclosure or theft of recorded information or users cyber credits. As best shown schematically in Figure 3, the information delivered to the Internet 145 by the user passes through a CC modem 310 to the Central Controller CPU 300 and then through an encryption firewall 320 to a funds processor 340, schematically shown in Figure 6 and/or a transaction processor 350, schematically shown in Figure 4. The record of the processed cyber credit transfer and/or business transaction is then recorded in a typical electronic data storage device 335 which is behind an encrypted firewall 330 (Page 12, lines 11-20).

For example, when the Central Controller receives a demand for money from a system user, it sends instructions to a transaction processor located at a payor bank. The Central Controllere holds no funds (Page 19, lines 26- page 20, line 4). As set forth in Example 1, the CCMoney is transferred from the buyers account to the sellers account and never is deposited in or passes through the Central Controller. The Central Controller merely has an administrative function , for example providing customer service.

There is no intermediate entity that functions as a trusted agent as required by other electronic funds transfer.

As set forth in MPEP §2173.05(i) "there is nothing inherently ambiguous

or uncertain about a negative limitation. Literal support for the language at issue is not required. Applicant has conveyed with reasonable clarity to those skilled in the art that Appellants was in possession of the invention as of the filing date, clearly conveying that the central CPU never receives funds and therefore can not function as a trusted agent preserving the rights in the funds.

While applicant submits that adequate support exists for applicant's use of the negative limitation regarding not functioning as a trusted agent, new claim 15 is presented as an alternative. In particular, claim 15 is the same as claim 1 with the exception that "said CPU not functioning as a trusted agent" is replaced with "said CPU functioning solely as an administrator of the system." As set forth at page 10, lines 10-11 of the specification.

Claim 1-3 and 5-7 was rejected as obvious under 35USC'103(a) based on Walker (US 5,794,207) in light of Weiss (US 5,866,889) and Rosen 1 (US Patent 5,455,407) and further in view of Cotton (6,076,074) and/or Chang (US5,588,400). In regard to claim 1, the examiner contends that Walker Figs. 2 and 13 and col. 20, line 48-col 21, line 15 teaches paragraph a), a portion of b), d) and the remainder of claim 1, and Fig 2 and 13, col. 20, line 48-col 21, line 15 and col 22, lines 1-20 teaches paragraph c). However, Walker does not explicitly teach establishing electronic funds accounts linked to demand deposit accounts in said participating banks, with electronic representations of currency purchased by said buyers from demand deposit accounts in said participating banks deposited in said buyer's electronic funds account, said electronic representations of currency having an original monetary value tied to a selected actual currency or, on a periodic basis, balancing funds with the corresponding bank reserves and issuing reports of such transactions. It is then contended that Weiss teaches establishing the subject accounts (col 3, lines 5-11) and Rosen 1 (col 1, lines 15-19 and col 35, lines 51-60) teaches the remaining claimed features and that one skilled in the art would have been motivated to combine the three references to result in applicant's claimed invention.

It should be noted that claims 1-3 and 5-7 were rejected in the Office Action of December 13, 2007 based on Walker (US 5,794,207) in light of Weiss (US 5,866,889) and

Rosen 1 (US Patent 5,455,407). That rejection was responded to on March 13, 2008, the claims were amended and the combination of references was distinguished over. In the present Office Action the examiner has found the previous arguments as moot and rejected the amended claims based on the same three references with the addition of the Cotton and Change references. It must, therefore, be presumed that applicant has adequately distinguished over the combination of Walker, Weiss and Rosen 1. In particular, the combination of Walker, Weiss and Rosen 1 utilize a trusted agent which acts as an intermediary to hold the funds being transferred and does not show or suggest the ability to operate without the trusted agent function or, in the alternative, utilize a central processing unit which solely serves an administrative function. In fact, as the examiner indicates, Walker does not explicitly teach a CPU NOT functioning as a trusted agent. However Walker suggests that the CPU can serve as a pointer to an ac count of the buyer outside the system. The examiner suggests that it would have been obvious to omit the trusted agent functionality if not desired and act solely as a pointer. However, there is no suggestion for this means of operation, the trusted agent function is a necessity; acting as a pointer is an added feature , not an alternative means of operation.

Accordingly the arguments setting forth the distinctions over Walker, Weiss and Rosen 1 previously submitted are reasserted.

Walker US 5,866,889 is directed "to electronic contract applications using electronic network" (Col 1, lines 11-12) to effectuate bilateral buyer driven commerce between buyers and sellers (Abstract). While Walker refers to the participation of buyer's and seller's banks and the use of a central processing unit (CPU), the means and manner of accomplishing the transaction are different. In particular, Walker is a bilateral buyer-driven system that requires a third party to arbitrate contracts, hold funds, establish terms of the deal and administer the site on the Internet where buyers can post purchase orders and sellers can review the posted offers. (Column 7, lines 13-25). In particular all offers are in a centralized location so sellers can locate relevant purchase offers. Walker is designed to prove an Internet site where buyers can post their terms to purchase goods or services and those terms are published globally for all potential sellers to

access (Col 7, lines 30-35). The CPU also functions as a bank and holds funds being transferred in the transaction. Walker teaches a procedure that is the opposite of the well known sales practice where a seller lists, on an internet site, its merchandise for sale with the terms of purchase posted so that all buyers can view the items for sale and then institute a purchase. Walker then utilizes presently existing funds transfer techniques to compensate the seller for transferring the goods or services. Walker addresses the manner in which a buy/sell arrangement is negotiated, the means of payment being incidental. However, the Walker CPU is a conduit for the funds with the CPU acting as an intermediate bank (a trusted agent) with the "buyer account 297, seller account 298 and escrow account 299" (col 12, lines 65-67 and Fig 2) being within the CPU. Walker fails to show buyer account 297 in Fig 2 or any other figure but Fig 13, in box 1330 sets forth that "central controller establishes buyer account".

In contrast thereto, applicant's claimed invention is not a system for offering goods for sale or for posting a buyer's purchasing needs. Instead it is a system for buyers and sellers to consummate a previously negotiated purchase by a transfer of payment from buyer's bank to seller's bank. Reference is made to applicant's Fig 1 illustrating aspects of applicant's claimed invention which commences after buyer & seller strike a deal (see unlabled box in top right corner). Applicant sets forth a new and unique "electronic funds transfer system" for use in compensating seller or seller's appointee for goods or services provided to buyer. The manner in which buyer and seller reach and enter into the terms of a transaction is not relevant to applicant's invention as applicant's invention is primarily directed to the funds transfer portion of the transaction. Still further while the CPU maintains an accounting of the transaction (a book keeping function), no seller or buyer funds accounts are established at the CPU, no funds pass through the CPU and the CPU does not act as a trusted agent. In regard to the transfer of funds, the CPU has an accounting function and processes, records, monitors, and reports the information regarding the transfer of funds, said transfer of funds being between electronic accounts in participating banks and not through the CPU.

Accordingly, referring to page 3 of the Office Action, in regard to claim 1, section a) Walker does not teach "an electronics fund transfer system" but instead teaches a method of using a computer to facilitate a buy/sell transaction between a buyer and a seller. The CPU in Walker is used by one or more system users engaged in establishing a purchase and sale contract. Accounts for the participants in the transaction are established in the CPU, the CPU acts as a trusted agent to hold the funds and to subsequently release the funds to the seller. In regard to 1b) Walker does not show or suggest establishing electronic funds accounts at the participating banks linked to demand deposit accounts in that participating bank; the electronic funds accounts are instead at the CPU (Fig 2) and Col 20, line 48 – Col 21, line 15 describes moving the funds from one account to another account within the CPU. In regard to claim 1, sections c) and d), see the discussion above. The claim refers to encumbrances in buyer's electronic funds at buyer's participating bank and not a transaction module encumbrancing funds within the buyer's funds account in the CPU. Further, Walker makes no suggestion that his CPU balances electronic funds with the participating bank reserves throughout the system as such a function is not necessary since the funds are withdrawn from the participating banks and are moved to the separate accounts in the CPU.

The examiner then acknowledges that Walker does not teach establishing electronic funds accounts linked to deposit accounts in participating banks but refers to Rosen 1 (Col 4, lines 28-41) as providing such teaching. Rosen 1 addresses electronic funds transfer comprising the transfer of the monetary value hard currency to an electronic representation of that same hard currency (i.e., hard currency dollars for electronic dollars, hard currency pounds for electronic pounds). Further, it is stated that Weiss teaches establishing transaction accounts linked to demand deposit accounts. However, neither Rosen 1 nor Weiss, alone or in combination address the deficiencies of Walker addressed above and combining Walker, Rosen 1 and Weiss does not result in applicant's invention. If combinable the result would still be a CPU trusted agent with funds, which may be in the form of electronic funds, transferred from buyer's bank to the CPU where buyer and seller accounts are established. Further, the electronic funds would be in the

same currency as the underlying hard currency account. There is no suggestion that "a single defined electronic representation of currency is established for use in all transactions in the system". As an example Rosen 1 still requires, to complete a transaction, that one electronic currency be converted to another electronic currency and that a conversion rate be selected (Col 50, lines 10-33), which can change on a moments notice. When applicant establishes the electronic account the electronic unit of currency has a single defined value which is set for all financial transfers thereafter and is recognized system wide, for example, for all banks World wide participating in the system.. For example, see page 10 lines 8-15.

The examiner also suggests that Rosen 1 teaches that the CPU on a periodic basis balances the funds with the bank reserves and issues a report. This is in fact not what Rosen 1 teaches. Rosen 1 (Col 35, lines 51-60) instead teaches that all Issuing Banks provide a report reflecting their position at the end of a specified period, these reports are then consolidated by the Money Position System 24 which must reconcile these multiple reports to generate a further report of each banks position so they can evaluate the risk to interbank settlement problems based on inconsistencies in the separate reports. This is much more complicated then applicant's claimed invention where the CPU handles the accounting for the transactions and automatically balances the electronic funds transferred between the participating banks.

The examiner then suggests that Cotton/Chang teaches periodically balancing funds with corresponding bank reserves and issuing reports of such transactions and it would have been obvious to modify walker to include these features. Even if such were the case applicant's invention would not result. A "Modified Walker" would be a system with a trusted agent and a reporting system. The trusted agent is a required component of such a system. However, it is contended that Cotton/Chang do not provide the missing teachings. Chang describes a transfer agent for settlement of transactions between bank. Cotton is a settlement system for daily balancing of transactions between federal reseve banks.

Accordingly, the system that the examiner refers to as the Modified Walker, if it could be formed, is a totally different system addressing totally different transactions, using different

electronic funds in a different manner which are processed, monitored and accounted for in a totally different way. Irrespective thereof, it is respectfully submitted that the suggested combination could not be made and one skilled in the art would not be make such a combination because such a combination is inconsistent with the teachings of each of the references. For example, Walker requires all the funds to flow through accounts in the CPU and Rosen 1 and Weiss are directed to operations at multiple individual banks an Weiss addresses linked accounts within a single banking entity.

It is therefore respectfully submitted that claim 1 or new claim 15 is not obvious based on any combination of the cited references and as such is patentable over the cited references taken in combination. Accordingly claims 2-7 dependent on claim 1 are likewise patentable.

In regard to claim 2 the new account module at the CPU serves to qualify new users to enter the system and to identify the existence of an electronic funds account at the individuals participating bank. Any user record at the CPU is for record keeping and accounting and is not a banking account which receives and transfers funds. Col 3, lines 44-45 of Rosen 1 is referring to a totally different functioning component referred to as a money generating device for issuing electronic money, which is the equivalent of an ATM machine capable of issuing electronic funds to a user, such as adding value to a magnetic card.

In regard to claims 3 and 5 the referenced passages of Rosen 1 relate to means to communicate with the money generating device to electronically transfer electronic funds to the user, i.e., download to a magnetic card. While the equipment used to interface with the CPU may be the same, and the use of encryption to protect the assets and information is known in the art, this does not teach a communication means for a user to transfer funds from the buyer's participating bank to the seller's participating bank.

In regard to claim 6, Modified Walker is a totally different system operating in a different manner. Without admitting that Modified Walker provides the functions set forth in claim 6, even if Walker, with or without modification by Rosen 1 and Weiss, provides these functions it would do so as a trusted agent with buyer and seller accounts established at the CPU. Claim 6 is

dependent on claim 1. The distinctions between applicant's claimed invention and Walker or Modified Walker set forth above in regard to claim 1 are reasserted. In particular, one distinction is Applicant's claimed invention maintains the buyer's and seller's funds accounts at the participating banks, not at the CPU. Therefore claim 6, dependent on claim 1 is not shown or obvious based on a combination of the five cited references.

In regard to claim 7, Applicant's claimed invention allows for electronic funds transferred from Buyer's participating bank to flow directly to a third party designated by the seller without any further participation or direction by seller. Rosen 1 col. 5, lines 22-43 and col. 8, 24-29 describes a completely different scenario. The cited portions of Rosen 1 describe a bill paying procedure whereby an individual (the seller) accesses his electronic account and directs electronic funds deposited in his account to be transferred to the his provider. The participation of seller, and the specific instructions of seller after completion of the buyer/seller transaction and the transfer from buyer to seller and deposit of funds in sellers account must first occur. The seller can then "transfer all or any amount of the electronic money contained therein to another subscriber's Transaction money module." (col. 8, lines 24-29). Col 5, lines 22-43 describes the same transfer by seller of money in his account to a third party. This is not applicant's claimed invention.

Claim 4 was rejected as obvious under 35USC 103(a) based on Walker (US 5,794,207) in light of Weiss (US 5,866,889) and Rosen 1 (US Patent 5,455,407) and further in view of Rosen 2 (US 5,557,518) in that Rosen 2 provides the further teaching of personal and electronic dispute resolution. While it might be obvious to one skilled in the art to provide a dispute resolution capability to applicant's claimed invention, claim 4 is dependent on claim 1. As set forth above, Claim 1 is not shown or suggested by any combination of Walker, Rosen 1 and Weiss if such combination could or would be made by one skilled in the art. Adding dispute resolution to a trusted agent system with buyer and seller accounts removed from the buyer's and seller's participating banks so they reside in the CPU is not the invention set forth in claim 4.
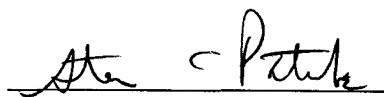
Generally speaking the claimed invention is different from prior funds transfer systems in that it provides a central controller CPU which is accessed by the system users in order to consummate the funds transfer part of a business transaction. System users each first establish an electronic money account (a CC Money Account) at their respective participating banks directly or by using the Central Controller CPU. They can then enter into a transaction such as set forth in the specification at page 13, line 23 – page 20, line 14 and illustrated by Examples 1 and 2 and pages 20-22. Key to the claimed invention is that the system users that are parties to the transaction transact and consummate the funds transfer by each accessing the Central Controller CPU rather than each party communicating individually with their respective banks. However, also key to the system is that the users maintain their own CCMoney accounts at their respective participating bank and the CPU monitors, records and directs the transfers from buyer's CCMoney account at buyer's bank directly. The CPU performs bookkeeping and accounting functions; it is not a conduit for funds.

Claims 1-7 and 15 remain in the application. It is respectively submitted that these claims are patentable, fully supported by the Specification and not shown by the prior art. It is requested that the claims be found to be patentable and a Notice of Allowance be issued.

Respectfully submitted,

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